

ANGLO-CANADIAN TELEPHONE
COMPANY

*Fifth Annual
Report
1939*

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ANGLO-CANADIAN TELEPHONE COMPANY

231 St. James Street, West
MONTREAL, P.Q.

21st March, 1940.

TO THE STOCKHOLDERS:

On behalf of the Directors, there is submitted herewith the fifth annual report of the Anglo-Canadian Telephone Company, covering the calendar year 1939.

During the year 1939 your Company issued at par an additional 10,000 shares of Cumulative Preferred stock bearing fixed cumulative preferential dividends at the rate of $5\frac{1}{2}\%$ per annum and the proceeds thereof were used to acquire \$500,000.00 principal amount of Five-Year $5\frac{1}{2}\%$ Collateral Trust Notes of Telephone Securities, Limited, a subsidiary of this company. The \$500,000.00 of notes plus \$50,000.00 additional Telephone Securities, Limited notes owned by this Company were sold to the subsidiary early in 1940. These notes plus additional notes purchased by the subsidiary were retired and the remaining \$209,000.00 principal amount of the notes outstanding of that company have been called for redemption on 15th May, 1940, so that the total notes outstanding at 31st December, 1939, having a principal amount of \$879,000.00 have been retired or called for redemption.

Since the outbreak of war in September, 1939 certain assets of this Company, including cash, have been under the control of the Foreign Exchange Control Board. As noted in the attached balance sheet, United States Funds have been included therein at par (\$1.00). The ultimate profit or loss on the conversion of these funds into Canadian dollars will be accounted for at such time as the conversion is made.

In accordance with our usual procedure, we are submitting herewith the annual report of the British Columbia Telephone Company, in which this Company has a substantial investment, together with the annual report of the Philippine Long Distance Telephone Company.

Submitted on behalf of the Board,

F. S. SPRING

President.

TORONTO
HAMILTON
OTTAWA
WINNIPEG
CALGARY

RIDDELL, STEAD, GRAHAM & HUTCHISON

CHARTERED ACCOUNTANTS

ESTABLISHED 1869

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H.D. Clapperton, C.A.
C.G. Wallace, C.A.
Gordon S. Small, C.A.
Malcolm J. McLeod, C.A.

460 ST. FRANCOIS XAVIER ST.

P.O. BOX 2398 PLACE D'ARMES

MONTREAL

TO THE SHAREHOLDERS

ANGLO-CANADIAN TELEPHONE COMPANY:

We have made an examination of the Balance Sheet as at 31st December, 1939, of Anglo-Canadian Telephone Company. In connection therewith, while we did not make a detailed audit of the transactions, we examined or tested accounting records of the Company and other supporting evidence and also made a general review of its accounting methods for the year ended 31st December, 1939.

We have not examined the accounts of all of the Company's subsidiary companies but have received and examined reports rendered by other independent auditors on the accounts of such companies not examined by us for the year ended 31st December, 1939, and have obtained information and explanations from officers and employees of the Company.

We report that we have obtained all the information and explanations we have required and that, in our opinion, based upon the examination referred to above and the reports of subsidiary companies rendered by other independent auditors, the accompanying Balance Sheet as at 31st December, 1939, is drawn up so as to exhibit a true and correct view of the state of the Company's affairs according to the best of our information and the explanations given to us, and as shown by the books of the Company.

RIDDELL, STEAD, GRAHAM & HUTCHISON

Auditors.

MONTREAL, 6TH MARCH, 1940.

ANGLO-CANADIAN TELEPHONE COMPANY
(An Investment Company)

BALANCE SHEET

As at 31st December, 1939

ASSETS

INVESTMENTS AND LONG TERM ACCOUNT LESS RESERVE \$11,239,226.40

CURRENT ASSETS (See Note)

Cash on hand and in banks.....	\$532,602.69	
Dividends receivable.....	40,331.64	
Accrued interest.....	6,677.12	
Accounts receivable:		
Subsidiary companies.....	9,560.39	
		589,171.84
		<u>\$11,828,398.24</u>

LIABILITIES

CAPITAL STOCK

CUMULATIVE PREFERRED

Authorized—

150,000 Shares—par value..... \$7,500,000.00

Issued and outstanding—

82,600 5½% cumulative preferred shares..... \$4,130,000.00

CLASS A

Authorized—

850,000 shares—par value..... \$8,500,000.00

Issued and outstanding—

487,100 shares..... 4,871,000.00

DEFERRED

Authorized—

200,000 shares—par value..... \$2,000,000.00

Issued and outstanding—

200,000 shares..... 2,000,000.00

\$11,001,000.00

CURRENT LIABILITIES (See Note)

Accounts payable:

 Subsidiary companies..... \$6,674.54

 Other..... 3,268.43

\$ 9,942.97

Accrued taxes (including provision for Dominion and

 Provincial taxes)..... 20,643.02

Dividends accrued (subsequently declared)..... 37,858.33

68,444.32

EMPLOYEES' BENEFIT FUND RESERVE..... 5,359.08

SURPLUS RESERVED

Amount reserved for general contingencies..... 75,000.00

SURPLUS (as per attached statement)..... 678,594.84

\$11,828,398.24

NOTE:

Current Assets include \$305,642.18 United States dollars at par (\$1.00) and Current Liabilities include \$2,074.54 United States dollars at par (\$1.00). If such United States dollar items were converted into Canadian dollars at the rate of \$1.10 (The Foreign Exchange Control Board's buying rate) as at 31st December, 1939, the net profit would have been \$30,356.76.

Approved on Behalf of the Board of Directors:

HUNTER L. GARY, *Director*

G. L. GRAWOLS, *Director*

This is the Balance Sheet referred to in our Report of this date.

RIDDELL, STEAD, GRAHAM & HUTCHISON

*Chartered Accountants,
Auditors.*

MONTREAL, 6TH MARCH, 1940.

ANGLO-CANADIAN TELEPHONE COMPANY
(An Investment Company)

INCOME AND EXPENSE STATEMENT

For the Year Ended 31st December, 1939

INCOME

Dividends, Interest, Other Income and Exchange realized (\$4,297.25) \$ 691,626.63

GENERAL AND ADMINISTRATIVE EXPENSE

Salaries, Directors' Fees, Legal and Miscellaneous Expenses.....	\$64,031.77	
Taxes, including provision for Dominion income taxes and Provincial profits taxes.....	11,823.77	
		75,855.54

NET INCOME..... \$ 615,771.09

AMOUNT APPROPRIATED FOR GENERAL CONTINGENCIES 25,000.00

BALANCE OF INCOME..... \$ 590,771.09

STATEMENT OF SURPLUS

For the Year Ended 31st December, 1939

BALANCE AS AT 1ST JANUARY, 1939..... \$ 590,514.00

ADD:

Balance of Income (as per Income and Expense Statement).....	590,771.09	
		\$1,181,285.09

DEDUCT:

Dividends paid or provided for:

5½% Cumulative Preferred.....	\$210,430.25	
Class A.....	292,260.00	
		502,690.25

BALANCE AS AT 31ST DECEMBER, 1939..... \$ 678,594.84

DIRECTORS

A. F. ADAMS	VISCOUNT HINCHINGBROOKE
R. L. BENSON	MARTIN LINDSAY
M. A. COLEFAX	HUGH MACKAY
ERNEST E. EVANS	J. C. NEWMAN
PERCY W. EVANS	SIR ALEXANDER ROGER
GORDON FARRELL	HON. GORDON W. SCOTT
HUNTER L. GARY	F. S. SPRING
T. S. GARY	EMMETT SWANSON
G. L. GRAWOLS	F. H. WOODS
F. H. WOODS, JR.	

OFFICERS

A. F. ADAMS	- - - - -	<i>Chairman</i>
F. S. SPRING	- - - - -	<i>President</i>
J. G. CRANE	- - - - -	<i>Vice-President</i>
GORDON FARRELL	- - - - -	<i>Vice-President</i>
MARTIN LINDSAY	- - - - -	<i>Vice-President</i>
GEOFFREY PURDY	- - - - -	<i>Secretary and Treasurer</i>

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